

IRS E-FILE -- A PROVEN ALTERNATIVE

Last year, more than 19 million people took advantage of IRS's e-file options that make tax filing easier for everyone. E-filing is the fastest way to file taxes, and taxpayers can get their refunds in half the time as paper returns. TeleFile, e-file using a practitioner, or e-file using a personal computer offer such benefits as:

- **Faster refunds:** IRS e-file is the quickest way to get refunds. The taxpayer receives a refund in half the time as paper returns -- even faster with direct deposit.
- **More accurate returns:** IRS e-file returns are more accurate and reduce the chance of getting an error letter from the IRS.
- **Acknowledgments of receipt:** IRS e-file options provide acknowledgment that the return has been accepted. The TeleFile system gives callers a confirmation number while they're on the phone to let them know that they have completed the filing of their returns. With e-filing, taxpayers know their return made it to the IRS.

TELEFILE

Nearly 5 million people learned last year that TeleFile, the IRS's telephone filing system, is the easiest way to file a return. Eligible TeleFile users receive a special tax package allowing them to file their taxes quickly and easily any hour of the day or night. Instead of tax forms, this package has a worksheet which becomes the TeleFile Tax Record and a customer service number that acts as the taxpayer's signature. If there are no changes to the name or address that the IRS has printed on the Tax Record and the taxpayer is otherwise eligible, TeleFile is the easiest way to file. Those who are due a refund may have it deposited directly to a checking or savings account.

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With a Touch-Tone phone, TeleFilers enter interest income, any unemployment compensation and the wages, tax withheld and employer identification number from each W-2 Form. Those taking advantage of direct deposit also enter a bank routing number and account number. The telephone call takes about 10 minutes. The IRS figures the adjusted gross income, standard deduction, exemption, taxable income, tax, and any earned income credit, plus any refund or tax due, while the taxpayer is on the phone. Refunds will be sent in half the time as a paper return -- even earlier for direct deposit -- and any tax due can be paid by April 15, 1998.

E-FILING USING A TAX PROFESSIONAL

E-filing in which authorized participants send tax filing data for their clients to the IRS from their computers is available for balance due as well as refund returns. This means if taxpayers owe money, they can file returns earlier while still making tax payments by April 15, 1998. For refund taxpayers, e-filing means a faster refund, with the option of having it deposited directly into their bank accounts.

Taxpayers can prepare their own returns and have a professional e-file it, or they can have a professional prepare and e-file their returns.

First tested in 1986, e-filing through a professional grew to over 14.5 million individual returns in 1997.

Many taxpayers in 31 states and the District of Columbia can to file their federal and state tax returns electronically in one transmission to the IRS. The IRS forwards the state data to the appropriate state tax authority. This federal/state electronic filing will be available in Arkansas, Colorado, Connecticut, Delaware, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Utah, Virginia, West Virginia and Wisconsin, with a limited test in the District of Columbia. Last year, 4.3 million e-filers filed their state returns with their federal returns.

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E-FILING USING A PERSONAL COMPUTER

Taxpayers who have a modem, personal computer and tax preparation software can e-file their tax returns directly from home. Participating tax preparation software programs include an e-file option through a contract transmitter.

To e-file from home, a taxpayer transmits a completed tax return file to a transmitter, which converts the file from the tax preparation software's format to the IRS's format. The transmitter then sends the converted return file to the IRS. The IRS will notify the taxpayer through the transmitter whether or not the return is accepted. After the IRS accepts the return, the taxpayer mails a signature document and copies of any W-2 forms to the IRS. Last year, 367,000 e-filers sent their returns via their home computers.

Interested computer users can get a list of participating software companies through the IRS website at <http://www.irs.ustreas.gov> or directly by modem at 703-321-8020.

A PROVEN PRODUCT

The benefits of e-file are clear:

- a fast refund in half the time -- even faster with direct deposit;
- faster processing and better accuracy;
- acknowledgment of receipt within 48 hours.

One out every six taxpayers chose e-filing last year. No matter which e-file method taxpayers choose, the track record is proven -- e-file provides secure, accurate, fast and easy income tax filing.

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